

New Jersey Cannabis Update: If You Thought the Summer Was Busy, Just Wait for the Fall

Part 2: What's Coming Up

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The fall of 2018 is shaping up to be a seminal time for cannabis reform in New Jersey. In our last update we recounted the flurry of activity that took place over the summer, but the past few months could pale in comparison to what is likely to happen in the fall. Here's what we are anticipating for the next few months:

- **Decision on New ATC Licenses:** In July, the Department of Health ("DOH") issued a Request for Applications ("RFA") for up to six new vertically integrated Alternative Treatment Centers ("ATC") in the State. The application period closed on August 31, and it was reported that 146 applications were received. The DOH stated that November 1 is the date for the anticipated announcement of successful applicants, a decision that is eagerly awaited not just by the applicants but also many other stakeholders and interested observers.
- **Additional RFAs:** The DOH's RFA for the six new ATC licenses also included information about future RFAs. Specifically, the July RFA stated that "[t]he Department anticipates the release of two additional Requests for Applications in the fall of 2018 and winter of 2019, after the Department's currently proposed rule amendments are adopted. The first will be for additional cultivators and manufacturers, and the second for additional dispensary locations." These upcoming RFAs will be different than the July 2018 RFA because the latter focused on vertically integrated ATCs while the upcoming RFAs anticipate a distinction between cultivators/manufacturers and dispensary locations. The details of those RFAs will be informed by the upcoming adoption of amendments to the current regulatory rules for the medicinal marijuana program, and could draw a different group of applicants than the RFA for the vertically integrated ATCs.
- **Legislative Activity:** As we chronicled in our last update, legislative leadership and members who are the heading the effort for marijuana reform legislation worked throughout the summer on bills that would legalize marijuana for adult use (S2703) and would statutorily expand the medical marijuana program (S10). Based on their recent public comments, it appears that the key players are beginning to coalesce around amendments to both pieces of legislation. Last week, the press obtained a draft copy of the adult use bill, which revealed the direction being taken on core components such as the tax rate, creation of the commission that will oversee the ongoing regulation of the industry, and set-asides for "micro businesses" and those owned by and minorities, women, and those with disabilities. At this point, expungement of the records of those previously convicted of marijuana offenses will be in a separate bill. While it appears that there have been ongoing conversations with the Governor's office as the legislation has developed, the tax rate and composition of the commission remain sticking points. The current draft bill proposes a 10% tax, the

lowest in the country. In addition to many aspects of the substance of the legislation, timing is also a question. We near the end of September without a hearing date for either the adult use or medical expansion bill, but that could quickly change in October. And in terms of proponents of the legislation, particularly the adult use bill, will the cannabis industry and social and racial justice advocates both be satisfied enough to give it their full support when it comes up for hearings? Meanwhile, it looks like opponents are adopting a strategy to push for a decriminalization initiative as a way to derail full adult use legalization. Stay posted as the coming weeks promise to reveal new information on practically a daily basis.